

## Message Text

LIMITED OFFICIAL USE

PAGE 01 OTTAWA 04068 01 OF 02 282336Z

66

ACTION EUR-12

INFO OCT-01 ISO-00 CCO-00 CIAE-00 OTPE-00 EB-07 FCC-01

INR-07 NSAE-00 OC-05 USIA-06 COME-00 BIB-01 TRSE-00

L-03 H-02 PA-01 PRS-01 /047 W

----- 037542

R 282139Z OCT 75

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC 7921

LIMITED OFFICIAL USE SECTION 1 OF 2 OTTAWA 4068

POUCHED INFO ALL CONSULAR POSTS IN CANADA

E.O. 11652: N/A

TAGS: ETEL, CA

SUBJ: CAB AND CCTA VIEWS ON TELEVISION QUESTION

REF: OTTAWA 3990, AND PREVIOUS

1. BEGIN SUMMARY. THIS MESSAGE REPORTS THE CURRENT THINKING OF THE CANADIAN BROADCASTING AND CABLE INDUSTRIES' TRADE ASSOCIATION EXECUTIVES ON ISSUES RELEVANT TO THE U.S. BORDER TV STATIONS PLACE IN THE CANADIAN MARKET. IT OUTLINES THE BROADCASTERS SUPPORT FOR BILL C-58, PRESSURES ON STATION REVENUES FROM CANADIAN RADIO-TELEVISION COMMISSION (CRTC) CANADIAN CONTENT REQUIREMENTS, AND ATTITUDES TOWARD THE PRE-RELEASE ISSUE. IT ALSO DISCUSSES THE APPROACH OF THE CABLE INDUSTRY TO THE BUFFALO JAMMING APPLICATION PENDING BEFORE THE FCC AND SUGGESTS THE POSSIBILITY THAT SATELLITE RELAY MAY BE USED TO SUPPLY U.S. AND CANADIAN SIGNALS TO CABLE SYSTEMS WITH DELETION ACCOMPLISHED CENTRALLY. END SUMMARY.

2. IN AN EFFORT TO ASCERTAIN INDUSTRY VIEWS ON THE CURRENT TV CONTROVERSY TCO HAS MET WITH DR. PIERRE CAMU (PRESIDENT) AND ROBIN QUINN (DIRECTOR, GOVERNMENT RELATIONS) OF THE CANADIAN ASSOCIATION OF BROADCASTERS (CAB), AS WELL AS SEPAR-

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 OTTAWA 04068 01 OF 02 282336Z

ATELY WITH MR. J. HEBERT (VICE PRESIDENT) OF THE CANADIAN

CABLE TELEVISION ASSOCIATION (:-5). THESE MEETING SUGGESTED THE US BORDER STATIONS DO NOT HAVE ANY SIGNIFICANT ALLIES AMONG THE CANADIAN INTERESTS MOST DIRECTLY AFFECTED AND FROM THE CCTA EXECUTIVE CAME THE SUGGESTION THAT PROSPECTIVE USE OF THE ANIK SATELLITE FOR RELAY OF US PROGRAM MAY MAKE THE PRESENT DIMENSIONS OF THE PROBLEM ACADEMIC.

3. BILL C-58: THE CAB OFFICIALS INDICATED THE BROADCASTING INDUSTRY WAS SOLIDLY BEHIND BOTH THE TAX PROPOSALS (BILL C-58) AND THE CRTC'S DELETION/SUBSTITUTION APPROACH ALTHOUGH THE DEGREE OF SUPPORT FROM INDIVIDUAL STATIONS VARIES WITH THEIR PROXIMITY TO BORDER COMPETITION AND THEIR OWN SUCCESS IN SELLING ADVERTISING TIME IN THEIR MARKETS. THE CBC, THEY INDICATED, ALTHOUGH IT HAS SAID NOTHING PUBLICLY ALSO SUPPORTS THE SHUTDOWN OF U.S. COMPETITION. IN VIEW OF THE CRTC'S STRONG APPROACH TO DELETION/SUBSTITUTION THE CAB HAS CONCENTRATED ITS EFFORTS ON THE TAX MEASURE. CAMU AND QUINN SUGGESTED THAT GOC'S DECISION TO INCLUDE THIS IN THE BILL DEALING WITH THE TIME-READER'S DIGEST QUESTION AROSE DIRECTLY FROM A CAB MEETING WITH A CABINET COMMITTEE ON OCTOBER 24, 1974. FURTHERMORE, THEY EXPLAINED THAT THE ABSENCE OF PARLIAMENTARY CRITICISM OF BILL C-58'S TV CLAUSE RESULTED FROM CAREFUL APPROACHES TO ALL MP'S BY LOCAL BROADCASTERS REENFORCED BY MEETINGS AT THE CAB'S STUDIO IN OTTAWA WHERE MP'S TAPE BROADCASTS TO THEIR CONSTITUENTS FOR RELAY ON RADIO AND TV STATIONS ACROSS CANADA. THEY INDICATED THAT WHEN THE US STATIONS APPEAR BEFORE THE COMMONS COMMITTEE ON BROADCASTING AND ARTS THEY EXPECT THE INFLUENCE OF THE LOCAL BROADCASTERS TO CONTINUE TO BE FELT.

4. BROADCASTERS NEEDS FOR REVENUE: THE FINANCIAL POSITION OF ALMOST ALL CANADIAN TV STATIONS--WITH THE EXCEPTION OF BASSETT'S CFTOTV IN TORONTO--WERE CONSIDERED INADEQUATE IN THE LIGHT OF CONTINUING PRESSURES UPON THE BROADCASTERS BY CRTC TO INCREASE AND IMPROVE THE QUALITY OF CANADIAN CONTENT. CAMU AND QUINN CITED THE FORTHCOMING INQUIRE INTO THE GLOBAL TV NETWORK (SEE OTTAWA 3964) AS AN ESPECIALLY DRAMATIC ASPECT OF THIS. CBC IS ALSO SUBJECT TO SUCH PRESSURES (SEE OTTAWA A-382, JULY 31, 1974) AND ITS FUNDING FROM THE GOC IS PROVIDED ON A FAIRLY TIGHT REIN. THEREFORE, BOTH THE CROWN

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 OTTAWA 04068 01 OF 02 282336Z

CORPORATION AND THE PRIVATE BROADCASTERS HAD TO BE ABLE TO COUNT ON SIGNIFICANT GROWTH IN ADVERTISING REVENUE TO RESPOND TO THESE DEMANDS. THE DIVERSION TO CANADIAN BROADCASTERS OF ADVERTISING EXPENDITURES MADE WITH THE BORDER STATIONS AND INCREASED EXPENDITURE BY MULTINATIONALS ON TV ADVERTISING IN CANADA THEY SEE AS ESSENTIAL. IN THE LATTER CONTENT THEY DIRECTED ATTENTION TO A TABLE ON PAGE 41 OF THE SEPTEMBER 1975 ISSUE OF SATURDAY NIGHT GIVING PER CAPITA TV ADVERTIS-

ING EXPENDITURE, PER U.S. CITIZEN AND PER CANADIAN CITIZEN, BY TEN LARGE MULTINATIONALS WHICH SHOWS THE US EXPENDITURE GENERALLY CONSIDERABLE GREATER THAN THE CANADIAN. THE ARTICLE SUGGESTS AND THEY ALSO MAINTAINED (AS HAVE VARIOUS GOC OFFICIALS TO US IN THE PAST) THAT THE OVERSPILL OF US PROGRAMS INTO CANADA ENABLES THE CONSUMER ORIENTED MULTINATIONALS TO MINIMIZE THEIR EXPENDITURES ON CANADIAN TV.

5. PRE-RELEASE: ACCORDING TO CAMU AND QUINN, CANADIAN BROADCASTERS ARE TAKING A FAIRLY RELAXED APPROACH TO THE PETITION CURRENTLY BEFORE THE FCC. BASED ON US LEGAL OPINION THEY ARE DOUBTFUL THAT THE FCC CAN REGULATE IN THIS AREA AND THUS CONTROL THE EXPORT SALES OF INDEPENDENT PRODUCERS (SUCH AS COLUMBIA FILMS) WHOM THEY MAINTAIN DOMINATE THE SUPPLY OF US PROGRAMS TO CANADA. FURTHERMORE, THEY SUGGESTED THAT SUCH EXPORT SALES WERE EXTREMELY PROFITABLE TO THE US PRODUCERS (SINCE THEIR BASIC COSTS ARE RECOVERED FROM THE US DOMESTIC MARKET) AND THAT CANADA IS THE PRINCIPAL EXPORT MARKET.

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 OTTAWA 04068 02 OF 02 282345Z

66

ACTION EUR-12

INFO OCT-01 ISO-00 CCO-00 CIAE-00 OTPE-00 EB-07 FCC-01

INR-07 NSAE-00 OC-05 USIA-06 COME-00 BIB-01 TRSE-00

L-03 H-02 PA-01 PRS-01 /047 W

----- 037628

R 282139Z OCT 75

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC 7922

LIMITED OFFICIAL USE SECTION 2 OF 2 OTTAWA 4068

THE MAIN MOTIVATION OF CANADIAN BROADCASTERS IN PURCHASING US PROGRAMS IS AUDIENCE DELIVERY AND UNLIKE IN OTHER EXPORT MARKETS (E.G., BRITAIN, AUSTRALIA) THE CANADIAN STATIONS FACE COMPETITION FROM U.S. DOMESTIC SHOWINGS OF THESE PROGRAMS. CANADIAN STATIONS CONSEQUENTLY HAVE PAID HISTORICALLY A PREMIUM PRICE FOR PRE-RELEASE RIGHTS. IF THEY SHOULD NO

LONGER BE ABLE TO GET SUCH RIGHTS THEY WOULD NO LONGER PAY THE PREMIUM AND WOULD DEVOTE THESE AMOUNTS TO OTHER PURPOSES INCLUDING THEIR OWN PRODUCTION. AUDIENCE DELIVERY IN CANADA IS THE ONLY CONCERN OF CANADIAN BROADCASTERS AS THAT IS WHAT THEY SELL TO ADVERTISERS. HENCE, THE OUTCOME OF THE PRE-RELEASE CONTROVERSY IS OF ONLY LIMITED INTEREST. THE CAB DOES NOT PLAN TO BE REPRESENTED AT ANY FCC PROCEEDINGS AND THESE EXECUTIVES DOUBTED WHETHER INDIVIDUAL STATIONS WOULD PARTICIPATE EITHER.

6. CABLE INDUSTRY VIEWS ON DELETION: AN EQUALLY GLOOMY PICTURE WAS GIVEN BY THE CCTA EXECUTIVE. HE INDICATED THAT HIS ASSOCIATION WAS SPLIT ON THE DELETION/SUBSTITUTION ISSUE AND THAT IT CONSEQUENTLY HAD NO OFFICIAL POSITION. ONLY ROGERS OF TORONTO, WHOM HE CHARACTERIZED AS BEING "PATRIOTIC" SUPPORTED THE CRTC POLICY. MOST OF THE SMALLER CABLE SYSTEMS AROUND CANADA OPPOSED IT BECAUSE OF THE COST INVOLVED (\$10-15,000 IN EQUIPMENT AND ABOUT \$40,000 ANNUALLY FOR OPERATIONS) WHICH CAME OUT OF PROFITS LIMITED BY THE SIZE OF THEIR MARKET LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 OTTAWA 04068 02 OF 02 282345Z

AREAS. THE LARGER CABLE SYSTEMS (ESPECIALLY IN TORONTO AND THE NIAGARA PENINSULA) WERE GENERALLY NOT DISPOSED TO TAKE ISSUE WITH CRTC ON THIS ISSUE EVEN THOUGH THE COST WOULD BE ABOUT THE SAME TO THEM AS TO THE SMALLER OPERATIONS. RATHER THEY PREFERRED TO USE COMPLIANCE AS A DEVICE TO SHOW THEIR GOOD FAITH TO THE CRTC WITH WHOM THEY ARE CONSTANTLY DEALING ON A VARIETY OF OTHER ISSUES. THE BUFFALO STATIONS' APPLICATION TO JAM THEIR OWN SIGNAL, HEBERT ADVISED, IS NOT TAKEN TOO SERIOUSLY. SINCE THE CABLE SYSTEMS IN THAT AREA ARE DISPOSED TO COMPLY WITH THE CRTC DECISION THEY ARE WILLING TO CONSIDER ANTENNA ADJUSTMENTS AND/OR MICROWAVE RELAYS TO BRING US SIGNALS FROM OTHER LOCATIONS (ROCHESTER AND DETROIT ARE MOST COMMONLY MENTIONED). WHILE THESE ARRANGEMENTS WILL COST MONEY THE AMOUNTS INVOLVED ARE NOT INSURMOUNTABLE FOR THE LARGER OPERATIONS AND COOPERATIVE POSSIBILITIES EXIST.

7. SATELLITE TRANSMISSION: THE WHOLE ISSUE IS LIKELY TO BECOME ACADEMIC IN ANY EVENT, ACCORDING TO HEBERT, FOR DIRECT RECEPTION AND MICROWAVE RELAY WILL EVENTUALLY BE REPLACED BY SATELLITE RELAY OF THE U.S. SIGNALS WITH DELETION UNDERTAKEN CENTRALLY. HOW SOON THIS WILL TAKE PLACE DEPENDS ON CIRCUMSTANCES AND THE CABLE SYSTEMS NEED TO COPE WITH JAMMING COULD ACCELERATE THE TIME FRAME REPIDLY. THE SCENARIO EXPECTED BY THE CABLE INDUSTRY IS THAT THE TRANS CANADA TELEPHONE SYSTEM (DOMINATED BY BELL CANADA) WHICH HAS UNUSED TRANSPONDER CAPACITY ON THE CHANNELS IT IS LEASING FROM TELESAT WOULD OFFER THE SERVICE FROM WINDSOR (WHERE TELESAT HAS A TRANSMITTER) TO RELAY DETROIT SIGNALS AS WELL AS CANADIAN SIGNALS TO CABLE

SYSTEMS. THE LATTER WOULD HAVE TO ARRANGE WITH TELESAT FOR EARTH STATION ACCESS. ASIDE FROM THE PRESENT CONTROVERSY, SATELLITE RELAY IS ATTRACTIVE IN ITS OWN RIGHT AS A MAJOR EXPANSION OF THE CABLE INDUSTRY IN THE PRAIRIE PROVINCES IS ANTICIPATED IN THE NEXT FEW YEARS. DIRECT PICK UP WILL BE IMPOSSIBLE AND SATELLITE IS SEEN AS A CHEAPER WAY OF PROVIDING SIGNALS THAN MICROWAVE. HEBER, HOWEVER, CAUTIONED THAT NO APPLICATION TO PROVIDE THIS SERVICE HAS YET BEEN MADE.

ONE ONTARIO CABLE SYSTEM INCORPORATED A SUBSIDIARY, CABLESAT LTD., A FEW YEARS AGO TO PURSUE THIS APPROACH BUT IN VIEW OF THE COSTS IT WOULD INCUR THIS FIRM HAS NOW WITHDRAWN FROM THE SCENE. THE TCTS IS CONSIDERED THE LIKELY CONTENDER SINCE LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 OTTAWA 04068 02 OF 02 282345Z

IT HAS ALREADY INCURRED THE COSTS IN LEASING TRNSPONDER CHANNELS AND IS PRESENTLY GETTING LITTLE REVENUE FROM SEVERAL.

8. COMMENT: TCO WILL MAKE FURTHER INQUIRIES REGARDING THE LIKELIHOOD OF TCTS GETTING INTO THIS AREA AND REPORT AS APPROPRIATE. IN THE MEANTIME, DEPARTMENT MAY WISH TO REVIEW AGREEMENTS UNDER WHICH ANIK SATELLITES WERE LAUNCHED WITH VIEW TO DETERMINING WHETHER USG CONCURRENCE IN SUCH USE MAY BE REQUIRED.

9. SATURDAY NIGHT ARTICLE MENTIONED PARA. 4 BEING POUCHEO TO EUR/CAN, EB/TT/TD AND FCC.  
PORTER

LIMITED OFFICIAL USE

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** ADVERTISING, CABLE TELEVISION, COMMUNICATION SATELLITES, TELEVISION BROADCASTING  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 28 OCT 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** MorefiRH  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1975OTTAWA04068  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D750374-0182  
**From:** OTTAWA  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1975/newtext/t19751014/aaaaamfl.tel  
**Line Count:** 253  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION EUR  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 5  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** 75 OTTAWA 3990  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** MorefiRH  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 06 MAY 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <06 MAY 2003 by ShawDG>; APPROVED <07 MAY 2003 by MorefiRH>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
06 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** CAB AND CCTA VIEWS ON TELEVISION QUESTION  
**TAGS:** ETEL, CA, US  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006